

ANNUAL REPORT
of
THE GOODYEAR TIRE & RUBBER CO.
OF CANADA, LIMITED
NEW TORONTO, ONTARIO

1950



THE GREATEST NAME IN RUBBER

R
Jones

542 Common par

INVESTMENT
DIVISION

MAR 22 1951

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ANNUAL REPORT

to the Shareholders of

THE GOODYEAR TIRE & RUBBER CO. OF CANADA, LIMITED

For the Fiscal Year ended December 31st 1950

NEW TORONTO, ONTARIO

THE GOODYEAR TIRE & RUBBER COMPANY

OF CANADA, LIMITED

General Offices: NEW TORONTO, ONT.

Factories: { NEW TORONTO, ONT.
BOWMANVILLE, ONT.
QUEBEC CITY, QUE.

Cotton Plant: ST. HYACINTHE, QUE.

BRANCHES

ST. JOHN, N.B.	112 Princess St.
QUEBEC, QUE.	Cor. Dorchester and Lalemant Sts.
MONTREAL, QUE.	679 St. James St. W.
TORONTO, ONT.	622 Fleet St. W.
LONDON, ONT.	539 Richmond St.
WINNIPEG, MAN.	97 Higgins Ave.
REGINA, SASK.	Cor. Broad St. and 6th Ave.
SASKATOON, SASK.	Cor. 24th St. and Pacific Ave.
CALGARY, ALTA.	238—11th Ave. East
EDMONTON, ALTA.	10355—105th Street
VANCOUVER, B.C.	Cor. Nelson and Hamilton Sts.

WHOLESALE DISTRIBUTORS

Halifax, N.S.	Maritime Accessories Limited	Sackville and South Park Sts.
St. John's, Nfld.		A. E. Hickman Company Limited

BOARD OF DIRECTORS

P. W. LITCHFIELD

Chairman
AKRON

A. G. PARTRIDGE

TORONTO

P. A. THOMSON

MONTREAL

C. H. CARLISLE

TORONTO

P. E. H. LEROY

AKRON

R. C. BERKINSHAW, C.B.E.

TORONTO

E. J. THOMAS

AKRON

OFFICERS

A. G. PARTRIDGE

President

R. C. BERKINSHAW

Vice-President and General Manager

A. W. DENNY

Vice-President

C. B. COOPER

General Sales Manager

R. W. RICHARDS

Vice-President

J. W. PHILP

Assistant Treasurer

O. H. BARRETT

Assistant to President

G. G. MERRITT

Assistant Treasurer

D. C. CARLISLE

Treasurer

W. N. FERGUSON

Assistant Comptroller

K. E. KENNEDY

Secretary and
General Counsel

C. W. J. EVANS

Assistant Comptroller

J. G. WILLIAMS

Comptroller

ANNUAL REPORT OF THE DIRECTORS
OF
THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED

TO THE SHAREHOLDERS:

Presented herewith is the annual report of the Board of Directors of THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED, and its subsidiary companies, which outlines the financial and operating results of the Company for the year ending December 31st, 1950, together with the report of the auditors, Messrs. Price, Waterhouse and Company.

Operations of the combined Companies for the year resulted in a net profit of \$2,146,225, which, after providing for preferred shares outstanding, is equivalent to \$7.14 per share of issued common stock.

The following summary sets out the manner in which the profits for the year have been applied:

FUNDS PROVIDED

Consolidated net profit for the year.....		\$2,146,225
Add—Provision for depreciation, which does not represent a current disbursement of funds.....	\$1,907,363	
Decrease in investments and other assets.....	7,929	1,915,292
		<u>\$4,061,517</u>

DISPOSITION OF FUNDS

Dividends on four per cent. preferred stock.....	\$ 309,569	
Dividends on common stock.....	1,286,300	\$1,595,869
		<u>102,000</u>
Preferred stock redeemed and cancelled.....		913,539
Expended for additions to plant and equipment (net).....		<u>\$2,611,408</u>
		1,450,109
Increase in net current assets or working capital.....		<u>\$4,061,517</u>
Total as above.....		<u><u>\$4,061,517</u></u>

The inventories of raw materials, work in process, and finished goods have been thoroughly reviewed, and except for unprocessed rubber on hand and in transit, have been included in the balance sheet on the usual basis of average cost or market, whichever was lower. As of January 1, 1950, the last-in—first-out method of determining the cost of unprocessed rubber on hand and in transit was adopted, and the inventory of this material at December 31, 1950, is valued on this basis. On January 3, 1950, the opening market day for the new year, the price of No. 1 ribbed smoked sheets was 18¼ cents U.S. per pound, and on December 29, 1950, the price was 78 cents U.S. per pound, an increase of 327 per cent. The adoption of this conservative last-in—first-out principle of valuation should have a stabilizing effect on future earnings.

Depreciation has been provided on the diminishing balance method authorized by the depreciation regulations under the Income Tax Act. This change in basis has no material effect on the profits for the year.

Capital expenditures totalling \$913,539 were made during 1950, principally for the installation of additional equipment to improve production facilities in the Company's manufacturing plants, and for enlarging Branch distributing centres.

During the year there was an improvement of \$1,450,109 in the working capital position of your Company, and current assets exceeded current liabilities by \$11,569,486 at December 31, 1950. The bank overdraft at that date was \$2,893,704 which represents an increase of \$2,262,579 during the year. This position is principally attributable to the greater amount of working capital required to carry adequate stocks of materials and finished goods at current high prices; also to finance an increased volume of Accounts Receivable due to higher selling prices.

Sales of your Company's products exceeded all previous records. Although there was a large percentage increase in Export sales as compared to the year 1949, exchange restrictions in foreign countries have held the volume to a lower level than might otherwise have been attained.

During 1950 your Company introduced several new and improved Truck tires, and amongst them were the improved and re-designed Hi-Miler and its running mate the Hi-Miler Xtra Tred. These tires were designed especially to meet the demand from truck transport operators for a tire capable of delivering extra mileage. In the Passenger tire line, the increased sale of English cars created a new market in which Goodyear maintained its industry position. Although your Company's largest field of sales is tires, sales of Mechanical Rubber Goods increased in volume over the previous year, and the comparatively new Special Products Division—Airfoam, Pliofilm—and Neolite, contributed greatly to the overall sales picture.

The efficiency of all plants and equipment has been maintained. Additions to the power house and Airfoam plants were started in mid-summer. Work continues on the installation of new high pressure boilers in the generating plant, while the first Airfoam production from the new unit has already been achieved.

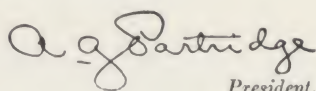
In addition, your Company has greatly improved and increased the size of two of its Sales Branches. In London, Ontario, an extensive addition was made to the Company-owned Branch premises. In Calgary, Alberta, the Company rented a new, larger and more efficient building which had been constructed especially for its purposes.

The cost of doing business has continued to mount, and is considerably in excess of the previous year. As mentioned earlier in the report, the price of crude rubber has increased drastically during the year, and the cost of other raw materials has also risen. As a result of these primary costs which represent the largest element of production charges, it was necessary to increase the price of tires and tubes, and other Goodyear products.

We feel that the long-term future of Canada is an enviable one as evidenced by the developments in oil in Western Canada, and the opening up of vast iron-ore and titanium deposits. Your Company will maintain its share of this ever growing market.

Nineteen-fifty has been a year of progress for the Company, and well earned credit is due to our entire organization for the teamwork that made this result possible. We express our sincere appreciation for their services; and we gratefully acknowledge the continued interest and support of the shareholders.

On Behalf of the Board.


President.

March 21, 1951.

THE GOODYEAR TIRE & RUBBER

AND SUBSID

CONSOLIDATED

ASSETS

	December 31 1950	December 31 1949
CURRENT ASSETS:		
Cash.....	\$ 89,484	\$ 94,208
Accounts receivable, less reserve—1950—\$393,095; 1949— \$304,562.....	5,959,131	4,115,825
Inventories at average cost or market whichever is lower, except as to unprocessed rubber on hand and in transit which at December 31 1950 was valued at cost as deter- mined on the last-in first-out basis.....	14,363,882	10,217,999
TOTAL CURRENT ASSETS.....	\$20,412,497	\$14,428,032
INVESTMENTS AND OTHER ASSETS:		
Stocks, bonds and mortgages.....	\$ 565,396	\$ 391,081
Preferred stock redemption fund.....		26,341
Refundable portion of excess profits taxes (refundable within one year 1950—\$282,196; 1949—\$262,617).....	282,196	544,813
Deferred charges to future operations.....	213,174	106,460
	<u>\$ 1,060,766</u>	<u>\$ 1,068,695</u>
PROPERTY ACCOUNTS:		
Land, buildings, machinery and equipment.....	\$25,697,111	\$25,095,319
Less—Reserve for depreciation.....	17,266,859	15,671,243
	<u>\$ 8,430,252</u>	<u>\$ 9,424,076</u>
	<u><u>\$29,903,515</u></u>	<u><u>\$24,920,803</u></u>

COMPANY OF CANADA, LIMITED

COMPANIES

ALANCE SHEET

LIABILITIES

	December 31 1950	December 31 1949
CURRENT LIABILITIES:		
Bank overdraft.....	\$ 2,893,704	\$ 631,125
Accounts payable.....	3,399,343	2,806,308
Accrued income and other taxes payable.....	2,472,785	793,023
Preferred stock dividend payable.....	77,179	78,199
TOTAL CURRENT LIABILITIES.....	\$ 8,843,011	\$ 4,308,655
RESERVE FOR CONTINGENCIES.....	\$ 1,000,000	\$ 1,000,000
CAPITAL STOCK:		
Four per cent. Cumulative Redeemable Sinking Fund Preferred Stock (Par value \$50.00 per share):		
Authorized and outstanding—1950—154,358 shares; 1949—156,398 shares.....	\$ 7,717,900	\$ 7,819,900
Common stock, no par value:		
Authorized—290,660 shares; issued—257,260 shares.....	128,630	128,630
Capital surplus.....	692,350	692,350
	\$ 8,538,880	\$ 8,640,880
EARNED SURPLUS, as per statement attached.....	\$11,521,624	\$10,971,268
	<u>\$29,903,515</u>	<u>\$24,920,803</u>

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS STATEMENT

	Year ended December 31	
	1950	1949
Profit from operations before providing for depreciation and income taxes.....	\$ 7,350,694	\$ 4,015,434
Other income.....	93,223	53,484
	<u>\$ 7,443,917</u>	<u>\$ 4,068,918</u>
Deduct:		
Provision for depreciation.....	\$ 1,907,363	\$ 1,638,944
Provision for income taxes.....	3,390,329	906,009
	<u>\$ 5,297,692</u>	<u>\$ 2,544,953</u>
Net profit for the year carried to Earned Surplus, as below.....	<u><u>\$ 2,146,225</u></u>	<u><u>\$ 1,523,965</u></u>

CONSOLIDATED EARNED SURPLUS STATEMENT

	Year ended December 31	
	1950	1949
Balance at end of previous year.....	\$10,971,268	\$11,303,073
Net profit for year, per consolidated profit and loss statement, as above.....	2,146,225	1,523,965
	<u>\$13,117,493</u>	<u>\$12,827,038</u>
Deduct:		
Dividends:		
On four per cent. preferred stock.....	\$ 309,569	\$ 312,210
On common stock.....	1,286,300	1,543,560
	<u>\$ 1,595,869</u>	<u>\$ 1,855,770</u>
Earned Surplus December 31, per balance sheet.....	<u><u>\$11,521,624</u></u>	<u><u>\$10,971,268</u></u>

PRICE, WATERHOUSE & CO.

ROYAL BANK BUILDING
TORONTO

January 26 1951.

To the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED:

We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31 1950 and the related consolidated statements of profit and loss and earned surplus for the year ended on that date, and all our requirements as auditors have been complied with. Our examination included such tests of the accounting records and other supporting evidence and such other procedures as we considered appropriate in the circumstances.

As of January 1 1950 the last-in—first-out method of determining cost of unprocessed rubber on hand and in transit was adopted and the inventories of these materials at December 31 1950 are valued on this basis for accounting but not for taxation purposes. This change in basis has the effect of reducing the profit for 1950 by approximately \$2,400,000.

On the foregoing basis we report that, in our opinion, the accompanying consolidated balance sheet and related consolidated statements of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31 1950 and the results of their operations for the year ended on that date according to the best of our information and the explanations given to us and as shown by the books of the companies.

Price Waterhouse Co.

Auditors.

GOOD YEAR *PRODUCTS*

AGRICULTURE, TRANSPORTATION



BUS TIRES

PLIOFILM

Goodyear research, production, and distribution facilities are geared to maintain the Company's leadership in the rubber industry.

New products, designed to improve living comfort and industrial efficiency, are under continual development to meet the needs of expanding and more diversified markets.

Airfoam, Pliofilm, and Neolite, are examples of many pro-

TRANSMISSION AND
CONVEYOR BELT



NEOLITE



TRUCK TIRES



PASSENGER TIRES



SERVE INDUSTRY, AND MODERN HOMES.

ducts, pioneered by Goodyear, which are now enlarging the sales opportunities of the Company and the scope of its operations.

At the same time, Goodyear continues to produce tires and tubes, high in quality and performance, to meet the present and future demands of the important field of transportation in Canada and abroad.

REPAIR
MATERIALS



HOSE



OFF-THE ROAD TIRES



AVIATION
PRODUCTS



FARM TIRES



AIRFOAM

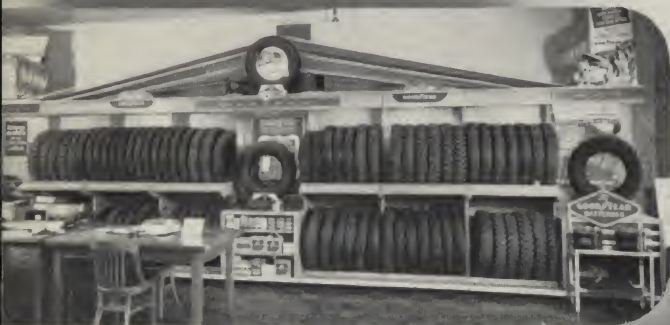


"Modern Merchandising **Markets GOODYEAR Products"**



Goodyear knows that merchandising practice is constantly improving, buying habits are changing, new methods of display are being discovered . . . nothing is static.

The Company actively assists its dealers in the techniques of identification, advertising and sales promotion through the expert personnel of a special department.



Goodyear store merchandising plans include every phase of interior design and stock arrangement for successfully marketing tires and accessories.

GOODYEAR

THE GREATEST NAME IN RUBBER

MORE PEOPLE RIDE ON
GOODYEAR TIRES
THAN ON ANY OTHER KIND

